FY2020 Earnings Presentation

March 25, 2021
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FY 2020 in Review

The Numbers

- 26% Revenue growth to €61.8m in a tough COVID impacted environment
- 43% EBITDA improvement to €(14.8)m
- 2 more world firsts to add to our list
  - 12 laser technology
  - First >1,000 cc/hour build rates
  - Game changer for the industry
- 20% of revenue re-invested into R&D
- >30M order backlog, of which >90% is for multi-laser technology
  - Significant customer wins in key industries
  - Strength in industrial diversity
- NXG XII 600 response overwhelming; with the NXG XII 600 metal AM is moving into core industrial 4.0 production processes

Housing for an electric drive by Porsche AG, printed on NXG XII 600
SLM – a leader in the high growth and highly innovative AM technology sector

Today: Traditional manufacturing market

$300bn+

2019

$12bn

$2.3bn

2025

$46bn

Total global Additive Manufacturing market

Expected to grow at 25% CAGR until 2030E

Global Metal AM market

Expected to grow at 28% CAGR

AM delivers vast opportunities for customers
At the very core of the Industry 4.0 disruptive manufacturing and production revolution

<table>
<thead>
<tr>
<th>Product Characteristics</th>
<th>Conventional Casting</th>
<th>Additive Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Overdesigned</td>
<td>✓ Higher performing products</td>
<td></td>
</tr>
<tr>
<td>✓ Poor material properties</td>
<td>✓ More complex geometries</td>
<td></td>
</tr>
<tr>
<td>✓ Higher performing products</td>
<td>✓ Reduced weight</td>
<td></td>
</tr>
<tr>
<td>✓ Improved performance without design limits</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lead Time</th>
<th>Conventional Casting</th>
<th>Additive Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ 18 – 24 months for product launches</td>
<td>✓ Prototype within days</td>
<td></td>
</tr>
<tr>
<td>✓ Prototypes expensive and slow</td>
<td>✓ 3 weeks for first parts</td>
<td></td>
</tr>
<tr>
<td>✓ Prototypes expensive and slow</td>
<td>✓ Easy modifications</td>
<td></td>
</tr>
<tr>
<td>✓ Prototype within days</td>
<td>Substantially shortened time to market</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Process Efficiency</th>
<th>Conventional Casting</th>
<th>Additive Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Prototyping resource intensive</td>
<td>✓ Print part as needed</td>
<td></td>
</tr>
<tr>
<td>✓ Large batch processing</td>
<td>✓ Minimized waste and tooling</td>
<td></td>
</tr>
<tr>
<td>✓ Large batch processing</td>
<td>Optimized working capital and cash conversion cycle</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Supply Chain</th>
<th>Conventional Casting</th>
<th>Additive Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Global and complex supply chain</td>
<td>✓ 24 / 7 inhouse production</td>
<td></td>
</tr>
<tr>
<td>✓ Pollution from transportation from LCC sourcing</td>
<td>✓ Manufacturing cost largely independent of country with less transportation requirements</td>
<td></td>
</tr>
<tr>
<td>✓ Global and complex supply chain</td>
<td>Localization prevents supply chain disruptions</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Environmental Considerations</th>
<th>Conventional Casting</th>
<th>Additive Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Significant pollution from effluents</td>
<td>✓ Near zero waste</td>
<td></td>
</tr>
<tr>
<td>✓ Very high energy consumption</td>
<td>✓ Low energy consumption</td>
<td></td>
</tr>
<tr>
<td>✓ Near zero waste</td>
<td>Supports the transition to greener manufacturing</td>
<td></td>
</tr>
</tbody>
</table>

Source: SLM
SLM enables greener manufacturing

Components produced with AM with substantially better environmental footprint

- **Waste reduction**
  - Near zero waste produced
  - Metal powder up to 95% recyclable

- **Lower energy consumption**
  - Requires less energy than traditional manufacturing methods

- **Greener components**
  - Design flexibility results in significant reduction of weight and assembly steps of components

- **Leaner supply chains**
  - Enables local-for-local production and reduces dependency on global supply chains
Our sole focus: Superior Laser Powder Bed Fusion (LPBF)

High mechanical properties combined with great degree of geometric freedom

Superior mechanical properties...

- **Size / Geometric Freedom**
  - Size of parts only limited by machine chamber size
  - Outperforming in terms of absolute size and variability of part thickness
  - Geometry complexity is for free, allowing for topology optimization that is without limits

- **Mechanical Properties**
  - Constantly high mechanical properties
  - Low porosity
  - High density

- **Wide Material Choice**
  - Compared to all other additive technologies LPBF offering greatest number of input materials.
  - Any material that can be welded can be processed

- **One Step-Processing**
  - Little to no post-production increases “first time right potential”
  - Enabling thin wall sections
  - Consistently accurate geometrical output due to controlled and predictable part shrinkage and distortion

...make LPBF the leading AM technology today and tomorrow

Notes: 1) AM Power. 2) Survey by Barnes Global Advisors: “What capital equipment related to metal AM does your company plan to purchase in the next 2-5 years?”
NXG XII 600 is game changer for the entire AM industry
12 lasers designed for serial production

**20x faster**
than a standard single laser system

**5x faster**
than the SLM quad-laser machine

Designed for
serial production

Optimized for large parts and
high-volume production

12 Lasers
1000 Watts each

Zoom function
build up rate up to 1000 cm³/h

Capable of
large layer thickness

Fine features and
delicate patterns possible
NXG XII 600 is moving metal AM economics to a completely new level

SLM’s current generation of machines is already at the top level of productivity for Metal AM machines…

... but SLM’s NextGen machine will be a gamechanger

Letters represent selective competitor machines

Source: Company information, SLM research
NXG XII 600: Inquiry to Order (ITO) Customer Journey

Current commitments cover a significant portion of the 2022 manufacturing capacity
650 machines installed globally

Serving a broad range of blue chip customers

**Installed base by region**

- **55%**: EMEA
- **24%**: NA
- **21%**: APAC

**Installed base by machine type**

- **62%**: >90% of Backlog multi laser
- **19%**: SLM®125
- **19%**: SLM®500 & 800

Serving more than blue chip customers **150**

including Fortune 500 companies, Dax30 companies, some of the largest OEMs as well as leaders in space exploration, aviation, electro mobility, motor racing, science, and many more...

Source: SLM
Note: Installed machine base as of end 2020
## SLM in Perspective

### SLM with superior technological capabilities

<table>
<thead>
<tr>
<th>Technology</th>
<th>Velo3D</th>
<th>Desktop Metal¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Powder Bed Fusion</td>
<td>Powder Bed Fusion</td>
<td>Binder Jetting</td>
</tr>
<tr>
<td>Support Free</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>[Not applicable]</td>
<td></td>
</tr>
<tr>
<td>Applications</td>
<td>Production of high value / high complexity metal parts</td>
<td>Production of high value / high complexity metal parts</td>
</tr>
<tr>
<td>Industry Diversification</td>
<td>Aerospace, auto, energy, medical, research</td>
<td>Aerospace, energy</td>
</tr>
<tr>
<td>IP Portfolio</td>
<td>&gt;400 publications</td>
<td>&lt;50 granted patents</td>
</tr>
<tr>
<td></td>
<td>&gt;130 granted patents</td>
<td>~120 publications</td>
</tr>
<tr>
<td>Technology Heritage</td>
<td>20 years</td>
<td>7 Years</td>
</tr>
<tr>
<td></td>
<td>6 Years</td>
<td></td>
</tr>
<tr>
<td>Machine Portfolio</td>
<td>5 (1 to 12 lasers)</td>
<td>2 (2 to 8 lasers)</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Maximum Build Size</td>
<td>Ø 600 mm x 550 mm</td>
<td>490 x 380 x 260 mm</td>
</tr>
<tr>
<td></td>
<td>40% Larger than Velo</td>
<td></td>
</tr>
<tr>
<td>Proven Productivity</td>
<td>&gt;1,000 cc/h</td>
<td>&lt;100 cc/h</td>
</tr>
<tr>
<td></td>
<td>~1,000 cc/h</td>
<td></td>
</tr>
</tbody>
</table>

Source: SLM, Velo3D disclosure, Desktop Metal disclosure

Note: 1) Focus on Desktop Metal's binder jet printing segment.
### SLM in Perspective (cont.)

SLM with significantly more advanced fundamentals

<table>
<thead>
<tr>
<th></th>
<th>SLM Solutions</th>
<th>Velo3D</th>
<th>Desktop Metal¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Installed Base (# machines)</td>
<td>&gt;650</td>
<td>&lt;50</td>
<td>Production System release H2 21</td>
</tr>
<tr>
<td>Market Share (%)</td>
<td>&gt;10%</td>
<td>&lt;3%</td>
<td>Not applicable, different market</td>
</tr>
<tr>
<td>Employees (#)</td>
<td>&gt;450</td>
<td>~100</td>
<td>~300</td>
</tr>
<tr>
<td>In-house Manufacturing</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Global Sites (#)</td>
<td>4</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Direct Global Sales</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Revenue 2020 (€m)</td>
<td>€62m</td>
<td>~€16m</td>
<td>~€14m</td>
</tr>
<tr>
<td>Revenue Growth 2020 (%)</td>
<td>26%</td>
<td>21%</td>
<td>-38%</td>
</tr>
</tbody>
</table>

**Source:** SLM, Velo3D disclosure, Desktop Metal disclosure

**Note:** 1) Focus on Desktop Metal's Binder Jet segment.
Financial overview

Fiscal Year 2020
Successful target delivery
Continued progress on turnaround path

**Revenue**

- Guidance: 49.0
- 2019: 49.0
- 2020: 61.8
- +26%

**EBITDA**

- Guidance: Between (13) to (18)
- 2019: (26.0)
- 2020: (14.8)
Strong operational performance
Solid foundation to continue growth story

**Order In-take**

<table>
<thead>
<tr>
<th>Year</th>
<th>In €m</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>46.1</td>
</tr>
<tr>
<td>1H20</td>
<td>13.7</td>
</tr>
</tbody>
</table>

**Backlog**

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2019</th>
<th>2019 Adj⁻¹</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30.2</td>
<td>35.0</td>
<td>29.6</td>
</tr>
</tbody>
</table>

**Selected Financials**

<table>
<thead>
<tr>
<th>in €m</th>
<th>2020</th>
<th>2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Machines Revenue</td>
<td>45.1</td>
<td>35.1</td>
<td>28%</td>
</tr>
<tr>
<td>After Sales Revenue</td>
<td>16.6</td>
<td>13.8</td>
<td>20%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>53%</td>
<td>53%</td>
<td>0pt</td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>(35.6)</td>
<td>(31.9)</td>
<td>12%</td>
</tr>
<tr>
<td>Other Exp. &amp; Income</td>
<td>(13.0)</td>
<td>(17.6)</td>
<td>(26)%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>(14.8)</td>
<td>(26.0)</td>
<td>(43)%</td>
</tr>
<tr>
<td>Op. Cash-flow</td>
<td>(3.4 )</td>
<td>3.5</td>
<td>U</td>
</tr>
<tr>
<td>Working Capital</td>
<td>24.4</td>
<td>36.8</td>
<td>(34)%</td>
</tr>
<tr>
<td>Cash</td>
<td>18.9</td>
<td>25.5</td>
<td>(26)%</td>
</tr>
</tbody>
</table>

- Personnel expense ↑ due to hiring of key talent
- Other expense ↓ due to more cautious spending
- Working Capital ↓ due to operational excellence initiatives, increase in 2021 due to NXG ramp-up
- Initiated 2nd tranche of convertible 2020/26 (€15m) to strengthen balance sheet

*F = Favorable (change >100%); U = Unfavorable (change <(100)%)*

1- includes €5.6m of backlog adjustments performed in 2Q20
2- Year-over-year
Currently: Negative EBITDA largely driven by high non-material costs (R&D, admin) relatively to revenue

Illustrative: Revenue increase resulting in significant operating leverage due to decoupling of non-material costs
**Guidance & long-term view**

Continued progress on turnaround path

### 2021 Guidance

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022 +</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>€61.8M</td>
<td>at least 15% YoY(^{-1}) growth</td>
<td>Further acceleration</td>
</tr>
<tr>
<td>EBITDA</td>
<td>(€14.8)M</td>
<td>Further improvement</td>
<td>\hspace{1cm}</td>
</tr>
</tbody>
</table>

Assuming no drastic deterioration of the current COVID-19 situation.

### 2025E expected market size

- **Total global Additive Manufacturing market in 2025E**
  - $46bn
- **Global Metal AM market**
  - Expected to grow at 28% CAGR
  - $10.4bn
- **SLM market share**
  - Further acceleration

Source: SLM, Wohlers Report, AM Power Report 2020
SLM – Key Investment Highlights

SLM - a leader in the high growth and highly innovative AM technology sector
- Current market size ~$12bn with CAGR of 28% until 2025
- Accelerated demand for AM due to reshoring and the need for more flexible supply chains

Our sole focus: Superior Laser Powder Bed Fusion
- Technology addresses most innovative and most attractive segments of the AM market: High precision, high performance parts across key regulated and unregulated industries
- SLM features one of the strongest IP portfolios and R&D and engineering teams in the sector, consistently investing leading industry innovation (~20% of revenue in R&D (2020))

SLMs is at the very core of the Industry 4.0 disruptive manufacturing and production revolution
- Fast evolving ecosystem around SLM’s core metal printing technology: engineering capabilities, software, powder, process technology
- AM helps to significantly improve the ecological footprint of products and metal manufacturing process (energy and raw material savings)

SLM’s NXG XII 600 machine is a game changer for the entire AM industry
- Worlds fastest and most efficient large platform PBLF printer launched in Nov 2020
- High precision, high performance, high value parts produced cost competitively compared to conventional processes (metal subtraction, casting)

Sizable service business opportunity
- Currently over 650 machines installed, containing over 1,000 lasers
- Machines in industrial processes generate significant constant revenue stream from service and powder

Strong international management team of growth and technology experts
- New management refocused company on growth and technology and manufacturing excellence

Poised for continuous growth
- > €30m backlog and NXG ramp up underpins SLM’s growth trajectory
- Attractive and expanding gross margins
- Significant operating leverage. The business is set up for growth
- Core shareholder group supports growth trajectory with funding
Q&A